

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PETITION OF COLUMBIA GAS OF KENTUCKY )  
FOR AUTHORITY TO ADJUST RATES IN )  
ACCORDANCE WITH THE PURCHASED GAS ) CASE NO. 7273-W  
ADJUSTMENT PROCEDURE )

O R D E R

On July 31, 1981, Columbia Gas Transmission Corporation ("Transmission") filed with the Federal Energy Regulatory Commission ("FERC") a general rate increase proposed to be effective September 1, 1981. The Commission has no jurisdiction in that case.

On November 9, 1978, the President of the United States signed into law the Natural Gas Policy Act of 1978, which established significantly higher rates for producers of certain categories of natural gas. This federal legislation has resulted in higher gas costs to interstate pipeline companies serving the various gas consuming states, including Kentucky. Once the FERC approves the right of these interstate transmission companies to pass this increased cost on to its distribution company customers, state commissions must, in turn, pass on the matter of intrastate distributors recovering their increased cost of gas by adjusting their basic rates to their customers.

On April 23, 1979, this Commission issued its Order in Case No. 7273, approving certain adjustments in the rates of Columbia Gas of Kentucky, Inc., ("Columbia") and providing under certain conditions for further adjustment of rates when the whole-sale cost of gas is increased or decreased.

On August 7, 1981, Columbia notified the Commission that its wholesale cost of gas would be increased by its supplier, Transmission, effective September 1, 1981, and submitted with its notice certain information in compliance with this Commission's Order of April 23, 1979.

Columbia has reduced the PGA to pass-on to all customers excess revenues collected due to the incremental pricing of non-exempt industrial boiler fuel. This reduction will be in effect for the period September 1, 1981, through February 28, 1982, as required by the Industrial Boiler Fuel Rider of Columbia's Tariff, PSC Kentucky No. 4.

The notice set out certain revisions in rates which Columbia proposed to place in effect, said rates being designed to pass on the wholesale purchase price from its supplier in the amount of \$21,643,000 or \$.735 per thousand cubic feet.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds that:

1. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the federal energy regulatory agency in approving these supplier increases.

We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

2. The FERC approval of a wholesale rate increase to a Kentucky gas retailer requires approval by the Commission of rates that will permit the Kentucky utility to adjust its customer charges to reflect the added purchase cost, or alternately the utility must absorb the added cost. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unjust to the Company and would ultimately result in higher rates to their consumers in any event.

3. When the FERC "accepts" Transmission's filing, Transmission will begin charging Columbia the new rates. This Order cannot be implemented until and unless this occurs.

4. Columbia's supplier, Transmission, has filed with the FERC for increased rates to become effective September 1, 1981.

5. This increase reflects Transmission's rates as filed with FERC on July 31, 1981, to be effective September 1, 1981, and includes the reduction to pass-on to all customers excess revenues collected due to the incremental pricing of non-exempt industrial boiler fuel.

6. The Commission should allow Columbia to place into effect, subject to refund, the rates set out in Appendix A as soon as Transmission's filing is "accepted" by FERC.

7. Columbia's adjustment in rates under the Purchased Gas Adjustment Clause approved by the Commission in its Order in

Case No. 7273 dated April 23, 1979, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that said purchased gas adjustment sought by the Applicant and adjusted as aforesaid mentioned be and the same is hereby approved to be effective, subject to refund, with gas supplied on and after the date the increased cost of wholesale gas becomes effective ("acceptance" by FERC) as set out in Appendix A attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Columbia shall maintain its records in such manner as will enable it, or the Commission, or any of its customers to determine the amount to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on August 7, 1981, constitutes full compliance with the Commission's Order in Case No. 7273 and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

IT IS FURTHER ORDERED that within 30 days after the date the increased cost of wholesale gas becomes effective, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 2nd day of September, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Vohs  
For the Commission

ATTEST:

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Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. 7273-W DATED  
SEPTEMBER 2, 1981

The following rates and charges are prescribed for the customers in the area served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES:

Rate Schedule GS

Rate Per M.C.F.

Residential

First	1 MCF or less per month	\$5.672
Next	49 MCF per month	4.396
Next	50 MCF per month	4.346
Next	100 MCF per month	4.316
Next	800 MCF per month	4.286
Over	1,000 MCF per month	4.266
	Minimum Monthly Charge	5.67

Commercial and Industrial

First	1 MCF or less per month	\$5.897
Next	49 MCF per month	4.547
Next	50 MCF per month	4.497
Next	100 MCF per month	4.467
Next	800 MCF per month	4.437
Over	1,000 MCF per month	4.417
	Minimum Monthly Charge	5.90

Rate Schedule AC-1: (Canceled)

Rate Schedule FC-1

Firm

First	1,000 MCF per month	\$4.348
Over	1,000 MCF per month	4.298

Rate Schedule (Cont'd)

Rate Per M.C.F. (Cont'd)

Curtailable

All Volume	\$4.148
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Rate Schedule FI-1

Firm

First 5,000 MCF per month	\$4.295
Over 5,000 MCF per month	4.265

Interruptible

All Volume	\$4.085
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Rate Schedule FI-2

Firm

First 50,000 MCF per month	\$4.194
Over 50,000 MCF per month	4.124

Interruptible

All Volume	4.034
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Rate Schedule IS-1

April through November

For all Volumes delivered each month up to and including average monthly Winter Volumes	4.494
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For all Volumes in excess of the average monthly Winter Volumes	4.094
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December through March

All MCF	4.494
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Rate Schedule IUS-1

All Volumes	4.139
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The base rates for the future application of the Purchased Gas Adjustment Clause are:

Columbia Gas Transmission Corporation

Zone 1

	<u>Demand Per MCF</u>	<u>Commodity Per MCF</u>
Schedule CDS	\$2.44	346.13¢
Schedule WS		
Demand	0.95	
Winter Contract Quantity	1.42¢	

Zone 3

Schedule CDS	\$2.44	346.13¢
Schedule WS		
Demand	0.95	
Winter Contract Quantity	1.42¢	

All Zones

<u>Schedule SGES</u>	27.43¢
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Columbia LNG Corporation

LNG, All Volumes	\$ 5.105
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